

**CANADIAN
GENERAL ELECTRIC
COMPANY
LIMITED**

**ANNUAL
REPORT
1934**

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MCGILL UNIVERSITY

PRICE, WATERHOUSE & CO.

Royal Bank Building,
Toronto

March 14, 1935

To the Shareholders of the
Canadian General Electric Company, Limited

We have made an examination of the Balance Sheet of Canadian General Electric Company, Limited as at December 31, 1934 and of the statement of Operations and Earned Surplus for the year ending on that date. In connection therewith we examined or tested accounting records and other supporting evidence and obtained all the information and explanations that we required; we also made a general review of the accounting methods but we did not make a detailed audit of the transactions.

The charges during the year to the property accounts represent only actual additions, extensions or permanent improvements and a provision of \$881,340.43 has been made from the operations of the year for depreciation of plants. The stocks of raw material, supplies, work in progress and manufactured products were taken in accordance with the Company's usual custom and have been certified to by responsible officials. The valuations have been accurately made on the basis of cost or market, whichever was lower, less reserves. Adequate provision has been made for doubtful accounts receivable and for all ascertainable liabilities. The investment securities and cash and loans secured by collateral have been confirmed by certificates from the banks in which the securities are held in custody, or by actual inspection.

In accordance with section 114 (2) of the Company's Act 1934, we report that the dividends received from subsidiary companies are included in income from investments. Earnings of subsidiary companies, in excess of dividends paid, are carried in the surplus accounts of the subsidiary companies.

We report that in our opinion, based upon such examination, the attached balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at December 31, 1934, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,

Auditors.

STATEMENT OF OPERATIONS AND EARNED SURPLUS

Profit for the year ended December 31, 1934,
before providing for depreciation, income
taxes and directors' fees:

Profit from operations. . . .	\$1,015,811.19	
Income from investments.	<u>1,000,272.92</u>	\$2,016,084.11

Less:—

Depreciation.	\$ 881,340.43	
Income taxes.	123,952.69	
Directors' fees.	<u>21,625.76</u>	1,026,918.88

Net profit for the year. **\$ 989,165.23**

Add:—

Earned surplus at January 1, 1934.	<u>6,186,805.22</u>
	\$ 7,175,970.45

Deduct:—

Dividends on preference stock.	\$599,042.50	
Dividends on common stock	<u>566,535.00</u>	1,165,577.50

Earned surplus at December 31, 1934. **\$6,010,392.95**

CANADIAN GENERAL ELE
BALANCE SHEET,

ASSETS

Current assets:

Cash and loans secured by collateral	\$ 1,976,357.47
Government bonds	11,444,074.42
Accounts and notes receivable, less reserves	1,647,410.34
Inventories at the lower of cost or market value, less reserves	4,340,451.93
	19,408,294.16
Less: Advance collections on contracts	2,307,066.77
Total current assets	\$ 17,101,227.39

Other assets:

Investment securities, less reserves	\$ 3,883,176.77
Securities of subsidiary companies	325,500.00
Employees' savings plan	493,034.42
Prepaid expenses	22,857.43
Total other assets	\$ 4,724,568.62

Fixed assets:

Manufacturing plant including land, buildings and machinery; head office and branch office properties; at cost	\$ 16,808,333.09
Less: Depreciation reserves	7,353,509.04
	9,454,824.05
Patents and franchises	1.00
Total fixed assets	\$ 9,454,825.05
	\$31,280,621.06

A. E. DYMENT, Chairman of the Board.
D. C. DURLAND, President.

CTRIG COMPANY, LIMITED
DECEMBER 31, 1934

LIABILITIES AND CAPITAL

Current liabilities:

Accounts payable.....	\$ 645,561.93
Taxes payable.....	130,950.04
Dividend declared on preference stock....	149,760.63
Dividend declared on common stock.....	141,633.75

Total current liabilities.....	\$ 1,067,906.35
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General reserve.....	\$ 6,202,321.76
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Capital stock—Authorized and issued:

Preference—171,155 shares, par value \$50.00 (callable at \$57.50).....	\$ 8,557,750.00
Common—188,845 shares, par value \$50.00	9,442,250.00
Total capital stock.....	\$ 18,000,000.00

Earned surplus at December 31, 1934.....	\$ 6,010,392.95
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	\$ 31,280,621.06
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The auditors' report to the Shareholders appears on the first page.

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS OF

CANADIAN GENERAL ELECTRIC COMPANY, LIMITED

TORONTO, CANADA

MARCH 22, 1935

The Board of Directors submit herewith the Balance Sheet of your Company as of December 31, 1934, and Statement of Operations and Earned Surplus, certified by the Company's auditors, Price, Waterhouse and Co., Chartered Accountants.

Orders received by the Company during the year 1934 were larger in volume than the previous year but production was still much below manufacturing capacity and, as in the previous year, was composed principally of electric merchandise and household appliances, incandescent lamps and small apparatus. It is encouraging to the electrical manufacturing industry that the electric power consumption in Canada during 1934 was 20.6% greater than in 1933 and 18.5% above the previous peak year of 1930. This increase is partly due to the more extensive use of electric household appliances. There has also been an improvement in the sale of equipment in the mining and manufacturing industries due to increasing operations and modernization of facilities.

The profits for the year, after all charges for expenses and reserves, but before providing for depreciation, income taxes and directors' fees, amounted to \$2,016,084.11. The sum of \$881,340.43 was written off for current depreciation, and \$145,578.45 has been deducted for income taxes and directors' fees, leaving net profits of \$989,165.23 as against \$635,175.71 in 1933, an increase of \$353,989.52. The profits for the year, after providing for dividends on preference stock were equivalent to \$2.06 per share on the common stock.

The dividends paid on the preference stock at the rate of 7% per annum amounted to \$599,042.50, and on the common stock at \$3.00 per share, or 6% upon the par value, to \$566,535.00. Total dividend disbursements of

\$1,165,577.50 exceeded net earnings for the year by \$176,412.27, which amount was provided from "Earned surplus", leaving a balance of \$6,010,392.95 in this account at December 31, 1934.

Current assets amount to \$17,101,227.39, while current liabilities total \$1,067,906.35. The excess of current assets over current liabilities, or working capital, amounts to \$16,033,321.04, an increase of \$472,988.63. The ratio of current assets to current liabilities is 16 to 1.

The Company has no funded debt, notes payable or other interest bearing obligations of any kind.

Cash and loans secured by collateral amount to \$1,976,357.47, a decrease of \$25,739.20. Government bonds total \$11,444,074.42, an increase of \$589,800.00. Investments other than Government bonds amount to \$4,208,676.77, an increase of \$74,787.18. These items aggregate \$17,629,108.66, as compared with \$16,990,260.68 at December 31, 1933, an increase of \$638,847.98. Government bonds and investment securities are carried at values not exceeding cost or market. Securities of subsidiary companies are conservatively carried at \$325,500.00 and the dividends received during the year are included in "Income from investments".

Inventories of \$4,340,451.93 show an increase of \$434,351.85, resulting from a larger volume of orders received. In accordance with the established practice of the Company, inventories are valued at the lower of cost or market, and sufficient reserves are provided for possible obsolescence and shrinkage in values. Accounts and notes receivable amount to \$1,647,410.34, an increase of \$88,913.74, and adequate reserves are provided for possible losses.

The Company's manufacturing plants and other properties have been maintained in good condition. During the year, expenditures for additions and replacements amounted to \$99,942.00, whereas dismantlements totalled \$146,614.00 and depreciation for the year was \$881,340.43. The result is a decrease of \$928,012.43 in the net book value of the plants and properties. The provision

for normal depreciation, formerly included with "General reserve", in the amount of \$7,353,509.04 at December 31, 1934, is now shown under "Fixed assets" as a deduction from the first cost of plants and other properties.

Your Directors with deep regret record the death of their esteemed colleagues, the late George W. Beardmore and W. J. Blake Wilson.

G. Harrison Smith and R. S. McLaughlin have been elected Directors of the Company.

The Board of Directors and Officers take pleasure in again expressing their appreciation of the efficient and co-operative services rendered by the employees of the Company.

By order of the Board of Directors.

A. E. DYMENT, Chairman.

D. C. DURLAND, President.

EXECUTIVE OFFICERS

A. E. DYMENT, Chairman of the Board	D. C. DURLAND, President
STEPHEN HAAS, Vice-President	J. J. ASHWORTH, General Manager
E. I. JENKING, Treasurer	W. H. NESBITT, Secretary

BOARD OF DIRECTORS

A. E. DYMENT, CHAIRMAN OF THE BOARD.
DIRECTOR, ROYAL BANK OF CANADA.
DIRECTOR, CANADA & DOMINION SUGAR COMPANY, LIMITED.

D. C. DURLAND, PRESIDENT.

STEPHEN HAAS, VICE-PRESIDENT.
PRESIDENT, GEO. H. HEES, SON & COMPANY, LIMITED.
DIRECTOR, ROYAL BANK OF CANADA.

J. J. ASHWORTH, GENERAL MANAGER.

J. H. BLACK.
DIRECTOR, CANADA NORTHERN POWER CORPORATION.
DIRECTOR, THE TRUSTS & GUARANTEE COMPANY, LIMITED.

H. C. COX.
CHAIRMAN, CANADA LIFE ASSURANCE COMPANY.
DIRECTOR, CANADIAN BANK OF COMMERCE.

SIR HERBERT HOLT.
CHAIRMAN, MONTREAL LIGHT, HEAT & POWER CONSOLIDATED.
CHAIRMAN, ROYAL BANK OF CANADA.

HON. F. B. McCURDY.
PRESIDENT, EASTERN TRUST COMPANY.
DIRECTOR, BANK OF NOVA SCOTIA.

R. S. McLAUGHLIN.
PRESIDENT, GENERAL MOTORS OF CANADA, LIMITED.
VICE-PRESIDENT, DOMINION BANK.

JAMES A. RICHARDSON.
PRESIDENT, JAMES RICHARDSON & SONS, LIMITED.
DIRECTOR, CANADIAN PACIFIC RAILWAY.

HON. W. D. ROSS.
DIRECTOR, BANK OF NOVA SCOTIA.
DIRECTOR, INTERNATIONAL POWER COMPANY.

G. HARRISON SMITH.
PRESIDENT, IMPERIAL OIL LIMITED.
DIRECTOR, ROYAL BANK OF CANADA.

JULIAN C. SMITH.
PRESIDENT, THE SHAWINIGAN WATER & POWER COMPANY,
LIMITED.
PRESIDENT, MONTREAL TRAMWAYS COMPANY.

A. M. STEWART, K.C.

CANADIAN GENERAL ELECTRIC COMPANY
LIMITED

HEAD OFFICE

212-218 KING STREET WEST, TORONTO, ONT.

BRANCH OFFICES

HALIFAX, N.S.	NEW LISKEARD, ONT.
SYDNEY, N.S.	FORT WILLIAM, ONT.
ST. JOHN, N.B.	WINNIPEG, MAN.
MONTREAL, QUE.	CALGARY, ALTA.
QUEBEC, QUE.	EDMONTON, ALTA.
OTTAWA, ONT.	REGINA, SASK.
HAMILTON, ONT.	SASKATOON, SASK.
LONDON, ONT.	NELSON, B.C.
WINDSOR, ONT.	VANCOUVER, B.C.
	VICTORIA, B.C.

MANUFACTURING PLANTS

PETERBOROUGH WORKS	PETERBOROUGH, ONT.
DAVENPORT WORKS	TORONTO, ONT.
WARD STREET WORKS	TORONTO, ONT.
EDISON MAZDA LAMP WORKS	TORONTO, ONT.
VACUUM TUBE WORKS	TORONTO, ONT.
ARCHITECTURAL BRONZE & IRON WORKS	TORONTO, ONT.
ROCKFIELD WORKS	LACHINE, QUE.

